BROOKE GROVE

BROOKE GROVE FOUNDATION, INC.
18100 Slade School Road
Sandy Spring, MD 20860
Phone: 301-924-2811
Fax: 301-924-1200
E-mail: bgrv@bgf.org

Brooke Grove Retirement Village

The Cottages Independent Living
301-260-2300

The Meadows Assisted Living
301-924-1228

The Woods Assisted Living
301-924-3877

Brooke Grove Rehabilitation and Nursing Center
301-924-5176

Other Campuses

Williamsport Retirement Village
154 North Artizan Street
Williamsport, MD 21795
301-223-7971

Rest Assured Living Center
1137 Shirley's Hollow Road
Meyersdale, PA 15552
814-634-0567

September 10, 2014

Kevin McDonald, Chief, Certificate of Need
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

RE: CON Application
Brooke Grove Rehabilitation and Nursing Center
Brooke Grove Foundation

Brooke Grove herein submits its application for a Certificate of Need for a proposed 70-bed replacement facility at Brooke Grove Rehabilitation and Nursing Center (BGRNC) located in Sandy Spring, Montgomery County.

There are several key factors that support Brooke Grove's proposal.

- Sustained high percentage of occupancy
- Increased demand for beds at BGRNC, especially short stay rehab beds
- Projected population growth in the elder population with increased presence of comorbidities and chronic health conditions, particularly in BGRNC's primary service area
- Projected growth in increased utilization of medical services by the elderly
- Changing regulatory environment, e.g., elimination of 3-day qualifying hospital stay

The proposed 70-bed replacement facility will replace a 48-bed wing at BGRNC and also include the transfer of 22-CON beds purchased from National Lutheran/Village at Rockville. The proposed project would result in a 22 bed net increase in licensed beds at BGRNC, increasing the license from 169 to 190 beds. The proposed facility is approximately 77,000 sq. ft. The estimated cost for the proposed project is $24M. The attached documents will provide the necessary detail to evaluate BGRNC's proposed project.

The enclosed/attached package(s) includes the following.

1. 6 binders, each binder includes the following documents
    - Index of Contents
    - Application
    - Miniature plans (site plan, construction sequence, exterior elevations, plans showing all resident rooms)
    - Plans of typical room sizes and locations
    - Set of 11x17 architectural plans
    - Background articles/tables of interest
    - Purchase agreement between Nat'l Lutheran & BGF for 22-CON beds
2. 3 sets of full-size plans, architectural plans and site plan

Thank you for your careful consideration of this application. The Brooke Grove team is looking forward to working with you and answering any questions you might have.

Sincerely,

Dennis Hunter, VP

INDEX OF CONTENTS

MARYLAND HEALTH CARE COMMISSION

MATTER/DOCKET NO.

DATE DOCKETED

COMPREHENSIVE CARE FACILITY (NURSING HOME) APPLICATION FOR CERTIFICATE OF NEED

ALL PAGES THROUGHOUT THE APPLICATION SHOULD BE NUMBERED CONSECUTIVELY.

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1.a. Brooke Grove Foundation, Inc.
Legal Name of Project Applicant
(ie. Licensee or Proposed Licensee)

b. 18100 Slade School Road
Street

c. Sandy Spring, 20860, Montgomery
City Zip County

d. 301 924-2811
Telephone

e. Keith Gibb, CEO
Name of Owner/Chief Executive

2.a. _____
Legal Name of Project Co-Applicant
(ie. if more than one applicant)

b. _____
Street

c. _____
City Zip County

d. _____
Telephone

e. _____
Name of Owner/Chief Executive

3.a. Brooke Grove Rehab & Nursing Ctr.
Name of Facility

b. 18131 Slade School Road
Street (Project Site)

c. Sandy Spring, 20860, Montgomery
City Zip County

4. _____
Name of Owner (if different than applicant)

5.a. _____
Representative of
Co-Applicant

b. _____
Street

c. _____
City Zip County

d. _____
Telephone

6. Person(s) to whom questions regarding this application should be directed: (Attach sheets if additional persons are to be contacted)

a. Dennis Hunter, Vice President
Name and Title

a. _____
Name and Title

b. 18100 Slade School Road
Street

b. _____
Street

c. Sandy Spring, 20860, Montgomery
City Zip County

c. _____
City Zip County

d. 301 388-7202
Telephone No.

d. _____
Telephone No.

e. 301 924-1200
Fax No.

e. _____
Fax No.

7. Brief Project Description (for identification only; see also item #14):
Construct a 70-bed replacement unit to the existing Brooke Grove Rehabilitation and Nursing Center (BGRNC) with a net increase of 22 beds, increasing the licensed capacity from 168 to 190 beds. The proposed 70 beds are comprised of 48 existing beds, currently located in a wing to be demolished and 22 CON-approved beds already in MHCC's inventory and purchased from National Lutheran/Village at Rockville.

8. Legal Structure of Licensee (check one from each column):

a. Governmental ___
Proprietary ___
Nonprofit X

b. Sole Proprietorship ___
Partnership ___
Corporation X
Subchapter "S" ___

c. To be Formed ___
Existing ___

9. Current Licensed Capacity and Proposed Changes:

Service	Unit Description	Currently Licensed/ Certified	Units to be Added or Reduced	Total Units if Project is Approved
Comprehensive Care	Beds	168/168	+22	190
Assisted Living	Beds	___/___		
Extended Care	Beds	___/___		
Adult Day Care	"Slots"	___/___		
Other (Specify)		___/___		
		___/___		

10. Community Based Services Provided by Facility:

	Existing/Proposed
Respite Care Program (Yes/No)	Y/Y
Dedicated Respite Beds (Number)	_____/_____
Congregate Meals (Yes/No)	_____/_____
Telephone Reassurance (Yes/No)	_____/_____
Child Day Care (Yes/No)	_____/_____
Transportation (Yes/No)	Y/Y to and from doctor appointments only
Meals on Wheels (Yes/No)	_____/_____
Other (Specify)	_____/_____

11. Project Location and Site Control:

A. Site Size 220 acres

B. Have all necessary State and Local land use approvals, including zoning, for the project as proposed been obtained? YES XX NO _____ (If NO, describe below the current status and timetable for receiving necessary approvals.)

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

C. Site Control:

(1) Title held by: Brooke Grove Foundation, Inc.

(2) Options to purchase held by: Not Applicable
(i) Expiration Date of Option _____
(ii) Is Option Renewable? _____ If yes, Please explain

_____
_____

(iii)Cost of Option _____

(3) Land Lease held by: Not Applicable
(i) Expiration Date of Lease _____
(ii) Is Lease Renewable _____ If yes, please explain
_____
_____
(iii)Cost of Lease _____

(4) Option to lease held by: Not Applicable
(i) Expiration date of Option _____
(ii) Is Option Renewable?_____ If yes, please explain
_____
_____
(iii) Cost of Option _____

(5) If site is not controlled by ownership, lease, or option, please explain how site control will be obtained: Not Applicable
_____

(INSTRUCTION: IN COMPLETING ITEMS 12 & 13, PLEASE NOTE APPLICABLE PERFORMANCE REQUIREMENT TARGET DATES SET FORTH IN COMMISSION REGULATIONS, COMAR 10.24.01.12)

12. Project Implementation Target Dates (for construction or renovation projects):
A. Obligation of Capital Expenditure 3 months from approval date.
B. Beginning Construction 2 months from capital obligation.
C. Pre-Licensure/First Use 24 months from capital obligation.
D. Full Utilization 8 months from first use.

13. Project Implementation Target Dates (for projects **not** involving construction or renovations):

A. Obligation of Capital Expenditure _____ months from approval date.
B. Pre-Licensure/First Use _____ months from capital obligation.
C. Full Utilization _____ months from first use.

14. Project Description:

Provide a reasonably full description of the project's construction and renovation plan and all services to be provided following completion of the project.

Brooke Grove Foundation, Inc. proposes to construct a 70-bed replacement wing/facility to Brooke Grove Rehabilitation and Nursing Center (BGRNC) , its skilled facility in Sandy Spring, Maryland. The proposed 70 beds are comprised of 48 replacement beds, from the demolition of an existing 48-bed unit, and 22 beds purchased from National Lutheran/Village at Rockville. The net result is a proposed 22-bed increase to BGRNC's licensed capacity. The proposed facility is planned as an approximate 77,600 square foot addition with an estimated cost of $24M.

The proposed 70-bed replacement facility will take approximately 2 years to construct. The anticipated start date is April 2015. Construction is expected to last 24 months/2 years and be completed in March 2017. The proposed project involves a phased sequence, i.e., site work, construction of 56 beds, demolition of existing 48-bed wing, construction of 14-bed pod/wing.

The proposed 70-bed addition will feature many new amenities, including bedrooms, country kitchen serving areas, dining rooms, rehab space, and more. And, of course, the proposed new replacement facility will meet all current codes, replacing an antiquated existing wing, most of which was built in the late 1800's and early 1900's. The newest section of the wing to be demolished was built in the early 1970's but constructed in a way that makes it challenging to renovate and create living environments to meet the needs to today's and tomorrow's resident population

CONSTRUCTION SEQUENCE/SCHEDULE

1. Site Work (3 months)
    a. Road Improvements
    b. Side Walks
    c. Parking Lots
    d. Walking Trails
    e. Relocation of Utilities
2. Construction of Replacement Facility (Phase 1, 56 beds, 12 months)
    a. 8 Private Rooms, 4 of which are bariatric with ceiling lifts
    b. 24 Companion Suites (semi-private rooms with walls between beds)
    c. All rooms with ADA bathrooms
    d. New rehab area
    e. New mechanical systems, e.g., HVAC
    f. Compliance to current building codes
    g. Country kitchen/serving areas on each floor
    h. Easy access to courtyards
    i. Patios
3. Demolition of Old Section of Existing Building (1 month)
    a. Demolish a 48-bed portion of the existing nursing home
    b. Built in the late 1800's
    c. Multi-story building with inadequate support spaces upstairs
    d. Existing 3-bed wards/rooms
    e. Narrow corridors
    f. Bathrooms that cannot be renovated to be ADA
    g. Old HVAC system
    h. Limited access to outdoors
4. Construction of 14-Bed Pod/Wing (Phase 2, 14 beds, 8 months)
    a. 2 Private Rooms
    b. 6 Companion Suites
    c. Same features as Phase 1

15. Project Drawings:

Projects involving renovations or new construction should include architectural schematic drawings of plans outlining the current facility (if applicable), the new facility (if applicable) and the proposed new configuration. These drawings should include:

1) the number and location of nursing stations,
2) approximate room sizes,
3) number of beds to a room,
4) number and location of bath rooms,
5) any proposed space for future expansion, and
6) the "footprint" and location of the facility on the proposed or existing site.

16. Features of Project Construction:

A. Please Complete **"CHART 1. PROJECT CONSTRUCTION CHARACTERISTICS"** describing the applicable characteristics of the project, if the project involves new construction.

B. Explain any plans for bed expansion subsequent to approval which are incorporated in the project's construction plan.
Not Applicable

C. Please discuss the availability of utilities (water, electricity, sewage, etc.) for the proposed project, and the steps that will be necessary to obtain utilities.

All utilities are already on site and connected to the existing building, i.e., water, sewer, gas, electricity, communications.

Chart 1. Project Construction Characteristics and Costs		
Base Building Characteristics	Complete if Applicable	
	New Construction	Renovation
Class of Construction		
Class A		
Class B		
Class C	15,168,000	60,000
Class D		
Type of Construction/Renovation		
Low		
Average		
Good	Yes	Yes
Excellent		
Number of Stories		
Total Square Footage		
Basement	21,817	None Added
First Floor	30,090	None Added
Second Floor	26,566	None Added
Third Floor		
Fourth Floor		
Perimeter in Linear Feet		
Basement	1,304	
First Floor	1,552	
Second Floor	1,486	
Third Floor		
Fourth Floor		
Wall Height (floor to eaves)		
Basement	33'-9"	
First Floor	21'-9"	
Second Floor	9'-9"	
Third Floor		
Fourth Floor		
Elevators		
Type *Passenger* *Freight*	Passenger/4500#	
Number	3	
Sprinklers (Wet or Dry System)	Wet	
Type of HVAC System	VRF w/energy recovery	
Type of Exterior Walls	1 hr. rated metal stud bearing w/cement board siding	

Chart 1. Project Construction Characteristics and Costs (cont.)		
	Costs	Costs
Site Preparation Costs	$	$
Normal Site Preparation*	750,000	
Demolition	300,000	
Storm Drains	400,000	
Rough Grading	250,000	
Hillside Foundation		
Terracing		
Pilings		
Offsite Costs	$	$
Roads		
Utilities		
Jurisdictional Hook-up Fees		
Signs	40,000	$
Landscaping	275,000	$

*As defined by Marshall Valuation Service. Copies of the definitions may be obtained by contacting staff of the Commission.

PART II - PROJECT BUDGET

(INSTRUCTION: All estimates for 1.a.-d., 2.a.-h., and 3 are for current costs as of the date of application submission and should include the costs for all intended construction and renovations to be undertaken DO NOT CHANGE THIS FORM OR ITS LINE ITEMS. IF ADDITIONAL DETAIL OR CLARIFICATION IS NEEDED, ATTACH ADDITIONAL SHEET.)

A. Use of Funds

1. Capital Costs:

a.	New Construction	$	
(1)	Building		15,168,000
(2)	Fixed Equipment (not included in construction)		1,427,000
(3)	Land Purchase		0
(4)	Site Preparation		1,975,000
(5)	Architect/Engineering Fees		1,835,000
(6)	Permits, (Building, Utilities, Etc)		625,000
SUBTOTAL		$	_____
b.	Renovations		
(1)	Building	$	60,000
(2)	Fixed Equipment (not included in construction)		
(3)	Architect/Engineering Fees		
(4)	Permits, (Building, Utilities, Etc.)		
SUBTOTAL		$	_____
c.	Other Capital Costs		
(1)	Major Movable Equipment		0
(2)	Minor Movable Equipment		421,000
(3)	Contingencies		1,390,000
(4)	Other (Specify, FFE)		635,000
TOTAL CURRENT CAPITAL COSTS (a - c)		$	_____
d.	Non Current Capital Cost		
(1)	Interest (Gross)	$	_____
(2)	Inflation (state all assumptions, Including time period and rate)		0
TOTAL PROPOSED CAPITAL COSTS (a - d)		$	_____

2. Financing Cost and Other Cash Requirements:

a.	Loan Placement Fees	$	400,000

b.	Bond Discount		
c.	Legal Fees (CON Related)		0
d.	Legal Fees (Other, Zoning)		30,000
e.	Printing		0
f.	Consultant Fees		0
	CON Application Assistance		0
	Other (Specify)		0
g.	Liquidation of Existing Debt		0
h.	Debt Service Reserve Fund		0
i.	Principal Amortization Reserve Fund		
j.	Other (Specify)		
	TOTAL (a - j)	$	
3.	Working Capital Startup Costs	$	
	TOTAL USES OF FUNDS (1 - 3)	$	

B. Sources of Funds for Project:

1.	Cash	
2.	Pledges: Gross _____, less allowance for uncollectables _____ = Net	
3.	Gifts, bequests	
4.	Interest income (gross)	Negligible
5.	Authorized Bonds	23,966,000
6.	Mortgage	
7.	Working capital loans	
8.	Grants or Appropriation	
	(a) Federal	
	(b) State	
	(c) Local	
9.	Other (Specify)	
TOTAL SOURCES OF FUNDS (1-9)		$ 23,966,000

Lease Costs: a. Land	$_____	x _____	= $	0
b. Building	$_____	x _____	= $	0
c. Major Movable Equipment	$_____	x _____	= $	0
d. Minor Movable Equipment	$_____	x _____	= $	0
e. Other (Specify)	$_____	x _____	= $	0

PART III - CONSISTENCY WITH REVIEW CRITERIA AT COMAR 10.24.01.08G(3):

(INSTRUCTION: Each applicant must respond to all applicable criteria included in COMAR 10.24.01.08G(3). Each criterion is listed below.)

10.24.01.08G(3)(a). The State Health Plan.

List each standard from the Long Term Care chapter of the State Health Plan (COMAR 10.24.08) and provide a direct, concise response explaining the project's consistency with that standard. In cases where standards require specific documentation, please include the documentation as a part of the application. **(Copies of the State Health Plan are available from the Commission. Contact the Staff of the Commission to determine which standards are applicable to the Project being proposed.)**

State Health Plan
COMAR 10.24.08.05
Nursing Home Standards

SECTION A, GENERAL STANDARDS

05.A.1, Bed Need
The 70-bed proposed project builds 48 replacement beds and adds 22 CON-approved beds purchased from National Lutheran/Village at Rockville. All beds in the proposed replacement addition already exist as CON beds and are currently in inventory. None of the beds in the proposed project add capacity in the jurisdiction/Montgomery County. However, a more complete description of why Brooke Grove Rehabilitation and Nursing Center (BGRNC) continues to need its current capacity and the proposed increase is explained in later sections of this document. The primary driving factors are increased demand for Short Stay Med A beds at BGRNC, sustained high percentage of occupancy, increased admissions, high percentage of denied admissions based on lack of short term stay Med A beds, elderly population growth with more comorbidities and chronic health conditions resulting in increased utilization.

5.A.2, MEDICAL ASSISTANCE PARTICIPATION
05.A.2.a, MOU
Brooke Grove Rehabilitation and Nursing Center (BGRNC) currently has a MOU. It was originally signed around 1999 or 2000 and requires an approximate 43% participation. It currently serves the Medicaid population at levels proportionate to other providers in its jurisdiction/region. Brooke Grove intends to sign a new MOU, or modify the existing one, to reflect current participation requirements.

05.A.2.b, Proportion of Medicaid Days
BGRNC currently serves and will continue to serve the Medicaid population proportionate to the needs of its jurisdiction/region.

05.A.2. c, Agreement to Admit Medicaid Residents
BGRNC will admit Medicaid residents to maintain levels of participation in the medical assistance program per its updated MOU.

05.A.2.d, MOU
BGRNC will update its current MOU prior to licensing of the proposed addition.

05.A.2.d.i, Maintain Level of Medicaid Participation
BGRNC will maintain the level of participation in the Medical Assistance Program as required.

05.A.2.d.ii, Admit Medicaid Residents
BGRNC will admit residents whose primary source of payment on admission is Medicaid.

05.A.2.d.iii, Evidence to Void Rule of Medical Assistance Participation
Not Applicable

05.A.3, COMMITMENT TO USE COMMUNITY-BASED SERVICES
BGRNC will demonstrate commitment to providing community-based services and to minimizing the length of stay as appropriate for each resident.

05.A.3.a., Providing Information about Community-Based Services
Each prospective resident will be provided appropriate information regarding Community-Based Services, including alternate programming to promote care in the most appropriate setting, e.g., Community-Based Services or Waiver Programs.

05.A.3.b, Initiating Discharge
Each resident, upon admission, will be evaluated and an appropriate discharge plan created.

05.A.3.c, Olmstead Efforts
Persons covered under the Olmstead Decision would be provided education and direction to sources that would best benefit their needs, e.g., community-based services. If presented with a person whose needs were potentially best met at the facility then an assessment would be completed to determine an appropriate placement.

05.A.4, NONELDERLY RESIDENTS
BGRNC will address the needs of its residents under the age of 65.

5.A.4.a, Training
When a nonelderly resident is admitted to BGRNC staff members will be trained in the psychosocial problems facing the nonelderly disabled resident so the resident can live in an environment that fosters the highest level of social experience within the facility.

5.A.4.b, Discharge Planning
Discharge planning will begin immediately after admission with the goal of discharging the resident or placing them in a more appropriate setting as quickly as possible, especially in 90 days or less.

05.A.5, APPROPRIATE LIVING ENVIRONMENT

The proposed project is new construction. The resident living environment will include, but not be limited to, the following.

5.A.5.a, New Construction

i. Resident rooms will have no more than two beds in each resident/patient room
ii Individual temperature controls will be provided to each resident room
iii No more than two residents will share a toilet

5.B.5.b, Renovation Project
NOT APPLICABLE

5.B.5.c, Applicability of Standard
There is no reason not to meet this standard

05.A.6, PUBLIC WATER

The existing facility is currently on the local public water system, WSSC, and the proposed addition will also be on the public water system.

05.A.7, FACILITY AND UNIT DESIGN

The proposed facility was designed by a team of architects and engineers well respected in the industry. The team used the latest standards and codes for comprehensive care facilities befitting the needs of current patient populations.

5.A.7.a, Types of Residents
The residents/patients expected to use the proposed replacement facility most frequently are post-acute rehabilitation residents, i.e., orthopedic, neuro (stroke), cardiac, pulmonary.

5.A.7.b, Design Features
The proposed replacement facility was designed by Reese, Lower, Patrick, Scott, architects specializing in the health care design, particularly comprehensive care facilities. They designed many facilities in Maryland and other states. All specifications meet current codes.

5.A.7.c, Applicability of Standard
NOT APPLICABLE

05.A.8, DISCLOSURE

None of the officers of the corporation or board has ever pled guilty to a criminal offense in any way connected to with the ownership, development, or management of a health care facility.

05.A.9, COLLABORATIVE RELATIONSHIPS

BGRNC collaborates with other facilities and programs as needed to appropriately place individuals at the most appropriate level of care, including assisted living and community-based services.

SECTION B, NEW CONSTRUCTION OR EXPANSION OF BEDS OR SERVICES

05.B.1, BED NEED

The following narrative applies to both sections (a) and (b) of this standard

The bulleted list of responses to bed need is as follows.

- The requested beds are currently in MHCC's bed inventory
- Sustained high percentage of occupancy, above 90%
- 48 of the requested beds are already at BGRNC and currently occupied. The additional 22 purchased beds will be used to meet BGRNC's increasing demand for Short Stay Med A beds.
- Increasing demand for services at BGRNC, particularly Short Stay Med A beds
- Increasing number and significant percentage of Short Stay Med A residents that are denied access to BGRNC because of lack of beds at BGRNC. "Denials" have increased by 71% in the last three years. In FY2014 BGRNC denied access to over 150 Short Stay Med A residents because of lack of available beds. This doesn't even factor in the number of referrals that weren't made to BGRNC because the discharge planner(s) knew that BGRNC was fully occupied.
- Growth in the senior population, particularly the over 80 population with multiple comorbidities and chronic health issues
- A health care delivery system is in transition with great uncertainty. Projections vary but there are proponents that predict sustained need of comprehensive care beds, and even those that project actual increasing demand for skilled care beds.
- Expected elimination of 3-day qualifying hospital stay. This will shorten lengths of stays in hospitals. Those days, for elderly residents/patients, will likely be spent in comprehensive care facilities instead, potentially adding time and opportunity for rehab facilities to maximize the rehab experience.

There are many reasons why the need for beds at BGRNC has increased in recent years. Each supports BGRNC's proposal to replace a portion of its existing facility and add 22 CON-approved beds purchased from National Lutheran/Village at Rockville. BGRNC is fully committed to the things that matter, e.g., passion for resident care/outcomes, cost effective systems that deliver high quality care and relationships.

1. DEMOGRAPHICS
    a. The surrounding area, greater Olney/Sandy Spring, is projected to double or even triple its senior population in the next 10-20 years. This is true of people 80 and over. In addition, the elderly population of the future is expected to reach that age with more comorbidities and chronic health conditions than the current senior population.
    b. An age-restricted community of approximately 10,000 residents is only 4 miles away and is a primary source of patients for Medstar Montgomery Hospital Center as well as BGRNC. Proximity to this community is partially driving the current increased demand for beds at BGRNC.

c. The proposed replacement facility's intended focus is short term rehab beds. The actual net result of the proposed project results in more rehab beds and slightly fewer long term beds, a move that seemingly matches the projected needs of the coming-of-age boomers in the surrounding area and the reimbursement initiatives of the State to strategically incentivize LTC residents to seek lower levels of care when possible. BGRNC is strategically positioning itself to meet the coming wave of post-acute needs/demand.

2. PROVIDER/HOSPITAL RELATIONSHIPS
   a. Medstar Mongtomery Medical Center is less than 2 miles drive and within eye-sight "as the crow flies." Proximity to its primary referral source for Short Stay Med A residents is a key factor.
   b. BGRNC has worked with Medstar Montgomery Medical Center for 60 years. The relationship continues to strengthen as both parties work together on current health care system issues, e.g., hospital readmissions, transitions between levels of care. Teams from each facility have met together numerous times recently and continue to meet to work on patient transitions. In addition, the leadership of BGRNC (CEO and VP) meets annually with the CEO and CMO of Medstar Montgomery to discuss relational issues and how better to work together.
   c. BGRNC has also developed a strong relationship with National Rehab Hospital, meeting numerous times with physicians to discuss patient quality issues. These discussions have strengthened the medical services provided by BGRNC and assisted in developing new referral sources to BGRNC.
   d. Medstar Montgomery is BGRNC's most significant referral source in its primary market area. Medstar Montgomery continues to grow and along with it so does BGRNC's opportunity for rehab, e.g., growth in the joint replacement program and a new orthopedic group started in Sandy Spring/Olney in the last couple of years.
   e. BGRNC contracted with a Medstar National Rehab physician specializing in pain management to rotate through the facility. The physician strengthened BGRNC's pain management program but also strengthened other associated referral sources.
   f. BGRNC is currently working to contract with a Medstar Montgomery infectious disease specialist to see residents and deepen focus on wound care.
   g. BGRNC hired two additional nurse liaisons in the past 18 months which increased admissions from perimeter hospitals multi-fold, i.e., Holy Cross, Suburban. Admissions from one perimeter hospital doubled and the other tripled. BGRNC nurses are in hospitals and doctor offices every day.

3. PERORMANCE INDICATORS & LOWER COST TO HEALTH SYSTEM
   a. BGRNC has been ranked #1 in the Pay for Performance Rankings for Montgomery County for the last 3 years and was #2 in the State of Maryland for 2013.

BGRNC's Hospital readmission rate is very low, 15% compared to national average of 20+%. Hospital readmissions negatively affect hospital financial performance. They also increase overall cost to the health care system. As a result skilled nursing homes which demonstrate lower than average readmission rates will be attractive clinical and financial partners. Hospitals will seek to discharge patients to rehab and long term care facilities that perform well on performance indicators. BGRNC will continue to be a primary provider of rehab for patients discharged from Medstar Montgomery, Holy Cross and Suburban hospitals. Demand for BGRNC beds will continue to increase because of its performance and alignment with other providers' utilization goals.

b. High Census: Historical census for BGRNC is excellent and continues to operate above 90%, in the newer portion of BGRNC above 94%. The older wing of the existing nursing facility, the wing to be demolished, contains the beds that negatively effect the overall census. The older portion over the past few years has run in the mid to high 80 percent range. A new replacement facility would increase the overall census of BBRNC.
c. Demand for Rehab Beds: BGRNC has a demand for more rehab beds. BGRNC's current rehab beds are frequently fully occupied and potential residents are turned away and not admitted. The number of rehab admissions per year at BGRNC has increased significantly. In each of the last 3 fiscal years BGRNC's number of admissions increased. Short Stay Med A Admissions between FY2012 and FY2014 increased by 6% to just under 500 Med A admissions a year. Med A utilization increased by over 40% in the last 4 years. Correspondingly in each of the last 3 fiscal years BGRNC's number of denials based on lack of bed availability went from 89 in FY2012 to 152 in FY2014, a 71% increase. These statistics do not even consider the number of referrals not made to BGRNC because the case managers and discharge planners already knew the rehab unit was full.

4. MARKETING
   a. Two years ago BGRNC expanded its marketing staff to increase awareness of its performance indicators, especially among hospitals, physicians and other providers in the health care continuum. BGRNC has spent two years building relationships and demand for its services/beds.
   b. Marketing staff members focus on business development, e.g., physician offices, other assisted living facilities, nursing homes, and hospital relations. As a result referrals and admissions for rehab have increased significantly. The percentage increase for admissions in the last 3 years is above 6% and the percent increase in denials based on lack of bed availability is 71%.

5. PHYSICAL PLANT/EQUIPMENT
   a. The current old wing, the one to be demolished does not meet today's codes. Annually, BGRNC has to apply for a waiver to DHMH because it does not meet minimum construction standards. The proposed building will replace an antiquated physical plant with one that meets all current codes. The existing

wing to be demolished is very old and no longer adequate to meet the needs of current medically complex residents. The oldest parts of the existing wing were constructed in the late 1800's.

b. The newer part of the existing physical plant was constructed in 2000 and is one of the newest and most competitive facilities in BGRNC's primary service area. It is in high demand and admissions are frequently turned away. The additional capacity will allow BGRNC to meet the current demand for its rehab beds.
c. The proposed new addition will include equipment which will improve the effectiveness of treatment, i.e., zero gravity treadmill, which allows hip and knee patients/residents to more aggressively engage in therapy and maximize their benefit from rehab.

05.B.2, FACILITY OCCUPANCY

BGRNC in the past two years exceeded 90% occupancy as required by the State Health Plan. As it currently exists BGRNC is comprised of a newer section built in 2000 and an older section built across a span of time from the late 1800's to the early 1970's. The overall census for the combined sections for the last two years was 91.44% (FY2013) and 90.61% (FY2014).

The newer section of BGRNC ran 93.69% (FY2013) and 94.29% (FY2014). On the other hand the older section of BGRNC ran 85.82% (FY2013) and 81.43% (FY2014). The newer section improved even while the occupancy of the older section fell by over 4%. The older section of the building has numerous physical plant challenges and therefore is difficult to market and creates a huge drag on the overall census of the facility. The overall census of the facility would be even higher, probably above 95%, if not for the older section.

The reasons to expect the census to remain at a high even after adding 22 additional beds are as follows.

i. Population Growth: Montgomery County projects a significant increase in the total number of county residents over 80 years old, with the immediate area around BGNRC projected to double in the next 10 years. This cohort of people are expected to have more comorbidities and chronic health conditions of the current elderly population. This would indicate that the demand for comprehensive beds will remain strong for the next decade or two. Post-acute short term rehab, especially as the boomers begin to enter retirement ages, should be on the rise. While the State at this point does not project any increased overall need for comprehensive care beds there are sources that project a continued demand for comprehensive care beds based on the changing health care needs of an increasingly aging population. Some experts project that the demand for beds will increase.

ii. Performance and Reputation: State of Maryland Pay for Performance rankings currently rank BGRNC as the #2 facility in the state and the #1 facility in Montgomery County, as it has been three years running. As consumers become better educated about our industry the higher performing facilities will naturally draw a higher percentage of the total admissions in their primary and secondary markets. BGRNC is well positioned. BGRNC is the provider of choice in its primary service area. The proposed addition will enable BGRNC to meet the growing demand, a demand for beds that it already is experiencing.

iii. Alignment with Direction of Health Care System: BGRNC has a very low hospital readmission rate for Medicare Part A residents/patients. The national average is 20+%. BGRNC's is currently around 15%, making BGRNC a very strong clinical and financial partner with Medstar Montgomery Medical Center (MMMC) and other local hospitals, e.g., Holy Cross, Suburban. Currently, hospitals are penalized for readmissions that occur within 30 days of discharge from the hospital. The fewer the readmissions the more profitable the hospital will be and the less cost to the health care system. BGRNC is working with MMMC to better manage readmissions and to develop improved communication and processes to lower them further. BGRNC's low readmission rate and its active collaboration with primary referral sources make it an attractive partner. As a result BGRNC's census remains high and demand is growing.

iv. Physical Plant: "New" is more appealing than old. Brooke Grove added a new 32-bed short term rehab unit to its Williamsport Nursing Home (WNH) in 2011. The unit was operating at capacity within 3 weeks and has sustained a high census. The unit is frequently at or near capacity. It is projected that the proposed replacement facility to BGRNC would also perform extremely well. The newer portion of BGRNC already runs an occupancy rate of just over 94%. In a brand new facility with state-of-the-art equipment for rehab and restorative care it is expected that the occupancy rate would be equal to or greater than the existing building.

v. Increased Demand and Strong Relationships: Brooke Grove invested in strategic relationship building and marketing initiatives in recent years to build relationships and referral sources, e.g., hiring RN's as nurse liaisons, marketing initiatives, representation on community organizations/boards. One area of focus is new business development to build a stronger referral base, e.g., priming relationships and referrals with physicians, other facilities, home care companies, etc. The other nurse liaison is focused on building relationships with perimeter hospitals. Due to those efforts admissions from Holy Cross and Suburban have increased multi-fold, 2-3 times prior years referrals. Again, the Short Stay Med A admissions increased 6% over the last three years and the Med A denials due to lack of bed availability increased 71% in the same three years.

The proposed replacement facility at BGRNC creates a compelling vision of a leading comprehensive care provider meeting the challenge of today's post-acute and long term care needs by creating and operating a state-of-the-art facility and collaborating with the broader provider community to provide cost efficient, high quality care and smooth transitions from one care setting to another.

05.B.3, JURISDICTIONAL OCCUPANCY

5.B.3,a, Overall Occupancy of the Jurisdiction
BGRNC is not aware of the current jurisdictional occupancy. The latest it found indicated that in recent years the jurisdictional occupancy of Montgomery County appeared to be in the mid 80% range. The overall nursing home occupancy rates in Montgomery County seem to be in a state of transition, having in recent years suffered with relatively weak rates.

5.B.3,b, Applicability of Standard
BGRNC does not believe this standard applies to its proposal. Overall the jurisdictional census in comprehensive care units is lower than 90%. However, the occupancy of BGRNC remained above 90%. BGRNC's newer section actually increased over the last two years. The occupancy was above 94% for the most recent year. Demand at BGRNC continues to increase. The number of admissions at BGRNC increased 6% over the last 3 years and denials because of lack of bed availability increased by 71%. In FY2014 BGRNC denied access to over 150 Short Stay Med A residents because of no bed availability in rehab. While other facilities' census lags a bit BGRNC's census is very healthy.

Also, with the realignment of the reimbursement system the bed demand for higher performing facilities will grow, particularly in those facilities that are actively collaborating with hospitals to improve hospital performance and their own performance, i.e., better outcomes, lower cost. This assumes of course that the higher performing comprehensive care facilities are allowed to expand their capacities so referring sources can shift their volume. Higher performing, higher quality of care facilities will make better partners with referral sources, e.g., participation in shared savings programs with Medicare, more cost effective, better outcomes.

Demographic projections suggest that the 80+ age group in Montgomery County and the immediate area around BGRNC will at least double over the next 10-20 years. The upcoming generation of elderly are expected to have more comorbidities and chronic health conditions that the current elderly population. Hopefully, most facilities will benefit from this trend but BGRNC is very well positioned to serve the increased population because of its location to Medstar Montgomery, reputation and its performance indicators.

5.B.4, MEDICAL ASSISTANCE PROGRAM PARTICIPATION

5.B.4.a, Agreement in Writing
BGRNC agrees to serve a proportion of Medicaid residents consistent with .05A.2(b) as required.

5.B.4.b, Achievement of Required Participation
BGRNC will achieve the applicable proportion of Medicaid participation within a 3-year time frame and will show a good faith effort toward achieving this goal in the first and second year of operating the proposed addition.

5.B.4.c, MOU
BGRNC has an existing MOU but will sign a new one consistent with new guidelines from MHCC.

5.B.4.d, Inclusive MOU/Total Beds
BGRNC will sign a new MOU as required to include the proposed total beds of the approved facility license and to include a Medicaid percentage that reflects the most recent Medicaid participation.

5.B.4.e, Applicability of Standard
NOT APPLICABLE

5.B.5, QUALITY
BGRNC has no outstanding deficiencies. It currently has an approved quality assurance program.

5.B.6, LOCATION
The proposed replacement facility will be constructed on the existing site.

SECTION 5.C, RENOVATION OF FACILITY
NOT APPLICABLE

10.24.01.08G(3)(b). Need.

For purposes of evaluating an application under this subsection, the Commission shall consider the applicable need analysis in the State Health Plan. If no State Health Plan need analysis is applicable, the Commission shall consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.

Please discuss the need of the population served or to be served by the Project.

Responses should include a quantitative analysis that, at a minimum, describes the Project's expected service area, population size, characteristics, and projected growth. For applications proposing to address the need of special population groups identified in this criterion, please specifically identify those populations that are underserved and describe how this Project will address their needs.

Service Area: The primary service area does not change. There are approximately 1M residents in Montgomery County. BGRNC is strategically positioned proximal to Medstar Montgomery Medical Center, numerous medical/physician office complexes and a 10,000 member age-restricted community only 4 miles away. What continues to drive an increased number of referrals and admissions to BGRNC is its reputation, excellent rehab outcomes, Pay for Performance rankings, Five Star rating, outstanding physical plant and campus, resident/patient outcomes, collaborative and active relationships with referral sources, corporate culture that emphasizes resident-centered approaches. As a result primary referral sources changed their referral patterns...which in turn resulted in increased admissions to BGRNC...which in turn resulted in more denials to short stay Med A residents based on lack of beds for short stay Med A residents. In addition, perimeter hospitals in BGRNC's secondary markets have increased their referrals and admissions multi-fold, doubling and tripling previous referrals/admissions.

Population Size: The population of Montgomery County in general is projected to grow, particularly the senior population and those over 80 years of age. The over-80 age group in the Olney-Sandy Spring area, BGRNC's immediate surrounding area, is expected to increase multi-fold, at least doubling in the next 10-20 years.

Characteristics: As mentioned above the senior population is expected to have exponential growth in the next couple of decades. The Olney-Sandy Spring area specifically is expected have significant growth in the senior population. Twenty years ago it was a "30-something" community. Now it is a "50/60-something" community and primed for growth in post-acute medical services. In addition, the upcoming population of seniors are expected to have more comorbidities and chronic health conditions that the current senior population.

Projected Growth: In sync with the projected population growth is growth in post-acute medical services. While prognosticators are far from speaking with consensus on the topic of how these services will be distributed within the health care continuum there are proponents that growth in the senior market will continue to drive demand for nursing home beds, particularly short stay rehab beds and mid to late stage dementia beds. There are also proponents that project such strong growth in post-acute services that demand for rehab beds in comprehensive care facilities will actually increase.

BGRNC is already experiencing increased demand for its short stay rehab beds. The increased senior population in BGRNC's surrounding areas is already driving increased demand which goes beyond its current capacity. Approval of the proposed project will keep the gap between its current capacity and demand for increased beds from widening. BGRNC increased its number of denials to Short Stay Med A residents by 71% over the last 3 years. Last fiscal year BGRNC turned away just over 150 short stay rehab residents because of lack of bed availability.

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
1. Admissions							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care*							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							
2. Patient Days							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care*							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							

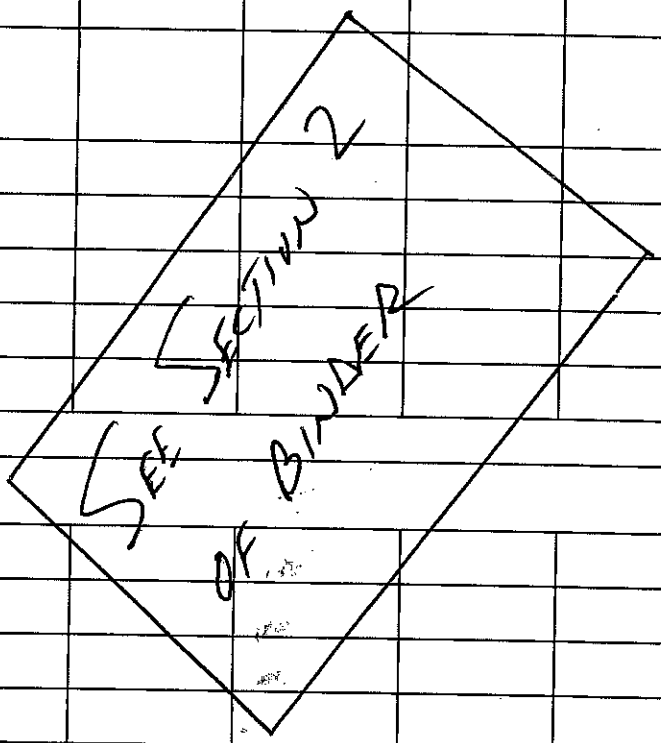

Table 1 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
3. Occupancy Percentage*							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							
4. Number of Licensed Beds/Slots							
a. ECF							
b. Comprehensive							
c. Assisted Living							
d. Respite Care							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							

SECTION 2 SEE OF BIDDER

* Number of beds and occupancy percentage should be reported on the basis of licensed beds. Respite care admissions, patient days and number of beds should **not** be included in "comprehensive care" or "domiciliary care" categories.

TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT

(INSTRUCTION: All applicants should complete this table.)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
1. Admissions				
a. ECF				
b. Comprehensive				
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				
2. Patient Days				
a. ECF				
b. Comprehensive				
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				
3. Occupancy Percentage				
a. ECF				
b. Comprehensive				
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				

Table 2 cont.	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
4. Number of Beds				
a. ECF				
b. Comprehensive				
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g.TOTAL				

SECTION 2 SEE BINDER

* Respite care admissions, patient days, and number of beds should **not** be reported under "comprehensive" or "assisted living" categories.

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives.

For purposes of evaluating an application under this subsection, the Commission shall compare the cost-effectiveness of providing the proposed service through the proposed project with the cost-effectiveness of providing the service at alternative existing facilities, or alternative facilities which have submitted a competitive application as part of a comparative review.

Please explain the characteristics of the Project which demonstrate why it is a less costly or a more effective alternative for meeting the needs identified.

For applications proposing to demonstrate superior patient care effectiveness, please describe the characteristics of the Project which will assure the quality of care to be provided. These may include, but are not limited to: meeting accreditation standards, personnel qualifications of caregivers, special relationships with public agencies for patient care services affected by the Project, the development of community-based services or other characteristics the Commission should take into account.

At some point buildings need to be replaced. The existing facility is so old and so outdated that renovating it is really not a cost effective option. The existing facility was built between the late 1800's and 1970. The cost of the building will be determined through a competitive bid process, ensuring the cost effectiveness of constructing a new building.

The 48-bed wing to be replaced is an antiquated facility with architectural features and mechanical and electrical systems that are out dated and no longer suitable for today's medically complex residents/patients. For example, one of the State's high priorities is to eliminate all resident rooms licensed for more than 2 residents. The proposed building will eliminate those rooms currently existing in the old wing.

There are many features of the existing building that make it challenging to care for residents and provide suitable living environments. They can be simply categorized, i.e., inadequate space, dimensions of features that do not meet current code, safety considerations, living environments that create obstacles to care instead of enhancing care.

Examples of existing features that pose challenges are as follows.

- Multiple person rooms
- Corridor Widths
- No ADA bathrooms or ADA toilet rooms in resident rooms. There is no bathing in bathing facilities in resident rooms.
- Construction assemblies that no longer meet code
- Old HVAC and electrical systems

It is easy to understand how a new building will enhance patient care.

- Elimination of 3 and 4-person rooms
- Addition of ADA bathrooms
- New dining facilities
- New rehab area with state of the art equipment
- Resident rooms with private bedrooms
- Four rooms with ceiling mounted lifts for bariatric residents
- New mechanical (more fresh air) and electrical systems
- Construction assemblies that meet current code
- Architectural designs consistent with today's trends
- More windows, more interior daylight

10.24.01.08G(3)(d). Viability of the Proposal.

For purposes of evaluating an application under this subsection, the Commission shall consider the availability of financial and nonfinancial resources, including community support, necessary to implement the project within the time frame set forth in the Commission's performance requirements, as well as the availability of resources necessary to sustain the project.

Please include in your response:

a. Audited Financial Statements for the past two years. In the absence of audited financial statements, provide documentation of the adequacy of financial resources to fund this project signed by a Certified Public Accountant who is not directly employed by the applicant. The availability of each source of funds listed in Part II, B. Sources of Funds for Project, must be documented.

   Audit financials are included with this proposal.

b. Existing facilities shall provide an analysis of the probable impact of the Project on the costs and charges for services at your facility.

   The cost of the project will be paid for by increased volume and Medicare/Medicaid increases over time consistent with the financial projections contained with this application.

c. A discussion of the probable impact of the Project on the cost and charges for similar services at other facilities in the area.

There is no projected impact on other facilities as a result of this project but BGRNC will be positioned to better serve the future growth and anticipated volume.

There will be regulatory incentives and pressures on all facilities to align with current trends in reimbursement and utilization. Those that perform will be in greater demand. Those facilities that underperform in quality measures and cost effectiveness will continue to struggle with census.

There are many perspectives on how the growth in the senior market will influence the various segments of the health care continuum. While the payor and regulatory systems expect to drive all care to the most cost effective level of care in the health care continuum the achievement of that goal does not preclude the possible accuracy of experts that predict that growth in the aging population will accelerate demand for post-acute comprehensive beds such that current demand is sustained or that future demand outpaces today's available bed capacity.

d. All applicants shall provide a detailed list of proposed patient charges for affected services.

There are no proposed changes to any charges as a result of this proposed project. The proposed unit is targeted as Short Stay Medicare Part A residents/patients. Charges will be based on the Medicare fee schedule.

(INSTRUCTIONS: Table 3, "Revenue and Expenses - Entire Facility (including the proposed project)" is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, "Revenues and Expenses - Proposed Project," is to be completed by each applicant for the proposed project only. Table 5, "Revenues and Expenses (for the first full year of utilization", is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.)

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
1. Revenue							
a. Inpatient Services							
b. Outpatient Services							
c. Gross Patient Services Revenues							
d. Allowance for Bad Debt							
e. Contractual Allowance							
f. Charity Care							
g. Net Patient Services Revenue							
h. Other Operating Revenues (Specify)							
i. Net Operating Revenue							

Table 3 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
2. Expenses							
a. Salaries, Wages, and Professional Fees, (including fringe benefits)							
b. Contractual Services							
c. Interest on Current Debt							
d. Interest on Project Debt							
e. Current Depreciation							
f. Project Depreciation							
g. Current Amortization							
h. Project Amortization							
i. Supplies							
j. Other Expenses (Specify)							
k. Total Operating Expenses							
3. Income							
a. Income from Operation							
b. Non-Operating Income							
c. Subtotal							
d. Income Taxes							
e. Net Income (Loss)							

Table 3 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle)	20__	20__	20__	20__	20__	20__	20__
4. **Patient Mix:** **A. Percent of Total Revenue**							
1) Medicare							
2) Medicaid							
3) Commercial Insurance							
4) Self-Pay							
5) Other (Specify)							
6) TOTAL	100%	100%	100%	100%	100%	100%	100%
B. Percent of Patient Days\Visits\Procedures (as applicable)							
1) Medicare							
2) Medicaid							
3) Commercial Insurance							
4) Self-Pay							
5) Other							
6) TOTAL	100%	100%	100%	100%	100%	100%	100%

SEE SECTION V BINDER

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
1. Revenues				
a. Inpatient Services				
b. Outpatient Services				
c. Gross Patient Service Revenue				
d. Allowance for Bad Debt				
e. Contractual Allowance				
f. Charity Care				
g. Net Patient Care Service Revenues				
i. Total Net Operating Revenues				
2. Expenses				
a.Salaries, Wages and Professional Fees (including fringe benefits)				
b. Contracted Services				
c. Interest on Current Debt				
d. Interest on Project Debt				
e. Current Depreciation				
f. Project Depreciation				
g. Current Amortization				
h. Project Amortization				
i. Supplies				
j. Other Expenses (Specify)				
k.Total Operating Expenses				

SEE SECTION 2 OF BUDGET NOT APPLICABLE

Table 4 cont.	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	20__
3. Income				
a. Income from Operation				
b. Non-Operating Income				
c. Income				
d. Income Taxes				
e. Net Income (Loss)				
4. Patient Mix: **A. Percent of Total Revenue**				
1) Medicare				
2) Medicaid				
3) Commercial Insurance				
4) Self-Pay				
5) Other (Specify)				
6) TOTAL	100%	100%	100%	100%
B. Percent of Patient Days\Visits\Procedures (as applicable)				
1) Medicare				
2) Medicaid				
3) Commercial Insurance				
4) Self-Pay				
5) Other (Specify)				
6) TOTAL	100%	100%	100%	100%

NOT APPLICABLE

TABLE 5. **REVENUES AND EXPENSES - (for first full year at full utilization)**

(INSTRUCTION: Group revenues and expenses by service category)

	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
CY or FY (Circle)							
1. Revenues:							
a. Inpatient Services							
b. Outpatient Services							
c. Gross Patient Service Revenue							
d. Allowance for Bad Debt							
e. Contractual Allow.							
f. Charity Care							
g. Net Patient Care Services Revenue							
h. Other Operating Revenue (Specify)							
i. Total Operating Revenues							
2. Expenses							
a. Salaries, Wages, and Professional Fees (including fringe benefits)							
b. Contractual Serivces							
c. Interest on Current Debt							
d. Interest on Project Debt							
e. Current Depreciation							
f. Project Depreciation							
g. Current Amortization							
h. Project Amortization							

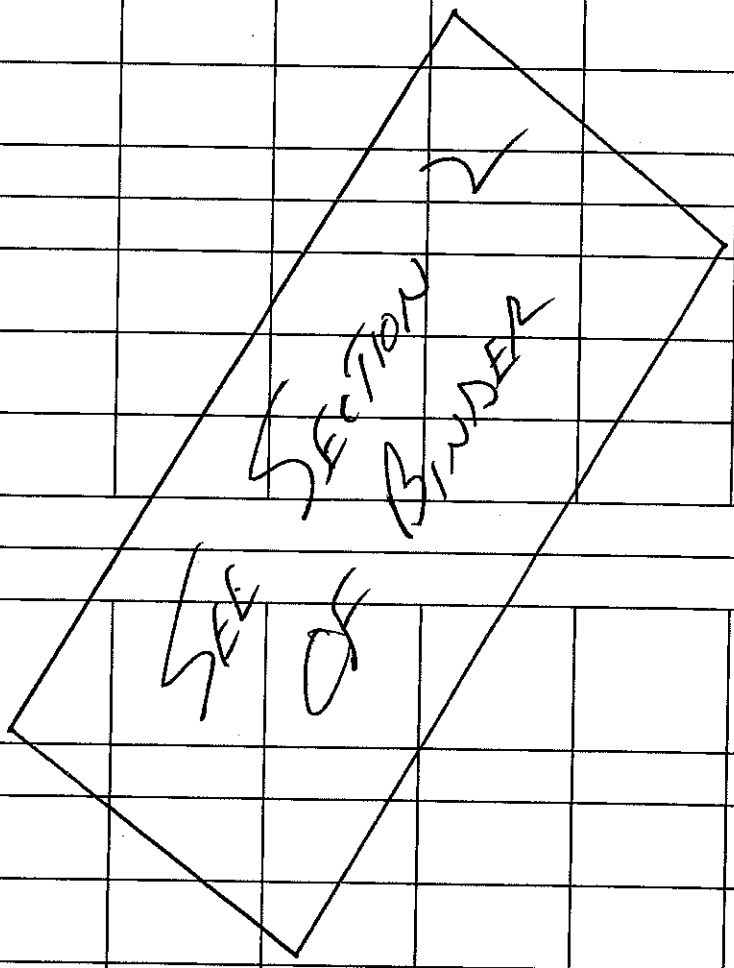

Table 5 Cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
i. Supplies							
j. Other Expenses (Specify)							
k. TOTAL Operating Expenses							
3. Income							
a. Income from Operation							
b. Non-Operating Income							
c. Subtotal							
d. Income Taxes							
e. Net Income (Loss)							
4. Patient Mix A. Percent of Gross							
1. Medicare							
2. Medicaid							
3. Commercial Insurance							
4. Self Pay							
5. Other (Specify)							
6 TOTAL	100%	100%	100%	100%	100%	100%	100%

SEE SECTION 2 OF BINDER

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
B. Percent of Patient Days by Payor Source							
1. Medicare							
2. Medicaid							
3. Commercial Insur.							
4. Self-Pay							
5. Other (Specify)							
6. TOTAL	100%	100%	100%	100%	100%	100%	100%

SEE SECTION 2 OF BINDER

C. Medicaid Analysis		
	Patient Days	Daily Rates
a. Light		
b. Moderate		
c. Heavy		
d. Heavy Special		
e. TOTAL		

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need.

To meet this subsection, an applicant shall demonstrate compliance with all conditions applied to previous Certificates of Need granted to the applicant.

List all prior Certificates of Need that have been issued to the project applicant by the Commission since 1990, and their status.

The last and only CON since 1990 for BGRNC was in approximately 1998. It was for a 100-bed replacement facility and is located at 18131 Slade School Road, Sandy Spring, MD. The facility is in full compliance with its CON.

10.24.01.08G(3)(f). Impact on Existing Providers.

For evaluation under this subsection, an applicant shall provide information and analysis with respect to the impact of the proposed project on existing health care providers in the service area, including the impact on geographic and demographic access to services, on occupancy when there is a risk that this will increase costs to the health care delivery system, and on costs and charges of other providers.

Indicate the positive impact on the health care system of the Project, and why the Project does not duplicate existing health care resources. Describe any special attributes of the project that will demonstrate why the project will have a positive impact on the existing health care system.

There is no direct impact on other providers in the community. The proposed project replaces an existing 48-bed wing of BGRNC. The facility already operates with a high occupancy rate, between 90% and 94%, and already experiences high demand for its beds. The additional 22 beds are currently in inventory in the same jurisdiction.

Every provider has the opportunity to improve its clinical outcomes, quality processes, cost efficiency, build relationships and possibly even build a replacement facility to keep pace with the demand and changing health care environment. The future health care system will reward those providers that respond to the regulatory directives, health system trends, and consumer/resident needs. Providers that do not respond will continue to perform poorly.

The proposal does not duplicate existing health care resources. The 48-replacement beds and the beds purchased from National Lutheran/Village at Rockville are already in inventory. It does replace an antiquated building and creates capacity that BGRNC needs to meet its current customer demand/volume,

The positive aspects of this project are numerous. First and foremost it replaces an aging facility with a new one meeting current codes and suitable for today's care needs. There are many attributes of the proposed project/new building that will enhance services to residents/patients and will allow BGRNC to continue to deliver quality care in a healing environment.

- Private bedrooms in resident rooms
- ADA bathrooms in each resident room
- Semi-private and private rooms only
- Bariatric rooms
- New Dining rooms

- New country kitchens/serving areas
- Rehab area with state-of-the-art equipment
- Large windows, lots of natural lighting
- Mechanical systems, lots of fresh air
- Access to courtyards
- New salon and spa

TABLE 6. MANPOWER INFORMATION

(INSTRUCTION: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

Position Title	Current No. FTEs	Change in FTEs (+/-)	Average Salary	Employee/ Contractual	TOTAL COST
Administration					
Direct Care					
Support					
				Benefits	
				TOTAL	

SEE SECTION 2 OF BINDER

(INSTRUCTION: Indicate method of calculating benefits percentage):

_____

_____

_____

Revised August 2005

TABLE 7. NURSING STAFFING PATTERN

(INSTRUCTION: On the chart below, delineate the proposed nursing staffing pattern for patient care units or services. If your staffing pattern varies among units or services, complete a separate chart for each unit)

Scheduled Staff for Typical Work Week

	WEEKDAY			WEEKEND/HOLIDAY		
	D	E	N	D	E	N
Staff Category						
R.N.						
L.P.N.						
AIDES						
MEDICINE AIDE						
OTHER (Specify)						

Key: D - Day Shift
E - Evening Shift
N - Night Shift

If staff will not differ between "weekday" and "weekend/holiday", please indicate _____.

PART IV - APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY, AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE

1. List names and addresses of all owners and individuals responsible for the proposed project and its implementation.
   Dennis Hunter, Vice President
   Greg Porter, Administrator
   Keith Gibb, President

2. Are the applicant, owners, or the responsible persons listed above now involved, or have they ever been involved, in the ownership, development, or management of another health care facility? If yes, provide a listing of these facilities, including facility name, address, and dates of involvement.
   No

3. Has the Maryland license or certification of the applicant facility, or any of the facilities listed in response to number 2, above, ever been suspended or revoked, or been subject to any disciplinary action (such as a ban on admissions) in the last 5 years? If yes, provide a written explanation of the circumstances, including the date(s) of the actions and the disposition. If the applicant, owners or individuals responsible for implementation of the Project were not involved with the facility at the time a suspension, revocation, or disciplinary action took place, indicate in the explanation.
   No

4. Are any facilities with which the applicant is involved, or have any facilities with which the applicant has in the past been involved (listed in response to Question 2, above) ever been found out of compliance with Maryland or Federal legal requirements for the provision of, payment for, or quality of health care services (other than the licensure or certification actions described in the response to Question 3, above) which have led to actions to suspend the licensure or certification at the applicant's facility or facilities listed in response to Question 2? If yes, provide copies of the findings of non-compliance including, if applicable, reports of non-compliance, responses of the facility, and any final disposition reached by the applicable governmental authority.
   No

5. Have the applicant, owners or responsible individuals listed in response to Question 1, above, ever pled guilty to or been convicted of a criminal offense in any way connected with the ownership, development or management of the applicant facility or any of the health care facilities listed in response to Question 2, above? If yes, provide a written explanation of the circumstances, including the date(s) of conviction(s) or guilty plea(s).
No

One or more persons shall be officially authorized in writing by the applicant to sign for and act for the applicant for the project, which is the subject of this application. Copies of this authorization shall be attached to the application. The undersigned is the owner(s), or Board-designated official of the proposed or existing facility.

I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information and belief.

09-11-14
Date

Signature of Owner or
Board-designated Official

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle) FY	2013	2014	2015	2016	2017	2018	20__
1. Admissions							
a. ECF							
b. Comprehensive	525	527	541	542	629	925	
c. Assisted Living							
d. Respite Care*							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							
2. Patient Days							
a. ECF							
b. Comprehensive	56,072	55,564	55,495	55,647	57,816	64,193	
c. Assisted Living							
d. Respite Care*							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							

Table 1 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle) FY	2013	2014	2015	2016	2017	2018	20___
3. Occupancy Percentage*							
a. ECF							
b. Comprehensive	91.4	90.6	90.5	90.5	90.0	92.6	
c. Assisted Living							
d. Respite Care							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							
4. Number of Licensed Beds/Slots							
a. ECF							
b. Comprehensive	168	168	168	168	176	190	
c. Assisted Living							
d. Respite Care							
e. Adult Day Care							
f. Other (Specify)							
g. TOTAL							

* Number of beds and occupancy percentage should be reported on the basis of licensed beds. Respite care admissions, patient days and number of beds should **not** be included in "comprehensive care" or "domiciliary care" categories.

TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT

(INSTRUCTION: All applicants should complete this table.)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle) FY	2017	2018	20___	20___
1. Admissions				
a. ECF				
b. Comprehensive	91	251		
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				
2. Patient Days				
a. ECF				
b. Comprehensive	2,628	7,267		
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				
3. Occupancy Percentage				
a. ECF				
b. Comprehensive	90.0	90.5		
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g. TOTAL				

Table 2 cont.	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle) FY	2017	2018	20___	20___
4. Number of Beds				
a. ECF				
b. Comprehensive	8	22		
c. Assisted Living				
d. Respite Care*				
e. Adult Day Care				
f. Other (Specify)				
g.TOTAL				

* Respite care admissions, patient days, and number of beds should **not** be reported under "comprehensive" or "assisted living" categories.

(INSTRUCTIONS: Table 3, "Revenue and Expenses - Entire Facility (including the proposed project)" is to be completed by existing facility applicants only. Applicants for new facilities should not complete Table 3. Table 4, "Revenues and Expenses - Proposed Project," is to be completed by each applicant for the proposed project only. Table 5, "Revenues and Expenses (for the first full year of utilization", is to be completed by each applicant for each proposed service in the space provided. Specify whether data are for calendar year or fiscal year. All projected revenue and expense figures should be presented in current dollars. Medicaid revenues for all years should be calculated on the basis of Medicaid rates and ceilings in effect at the time of submission of this application. Specify sources of non-operating income. State the assumptions used in projecting all revenues and expenses.)

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle) FY	2013	2014	2015	2016	2017	2018	20__
1. Revenue							
a. Inpatient Services	22,599	24,226	24,683	25,348	27,729	34,038	
b. Outpatient Services							
c. Gross Patient Services Revenues	22,599	24,226	24,683	25,348	27,729	34,038	
d. Allowance for Bad Debt	120	402	410	421	461	566	
e. Contractual Allowance	4,963	6,010	6,018	6,180	6,761	8,299	
f. Charity Care	16	13	18	19	20	25	
g. Net Patient Services Revenue	17,500	17,801	18,237	18,728	20,487	25,148	
h. Other Operating Revenues (Specify)	464	434	446	461	493	565	
i. Net Operating Revenue	17,964	18,235	18,683	19,189	20,980	25,713	

1h. Beautician fees, rentals, special services (hand feeding, incontinence care).

Table 3 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle) FY	2013	2014	2015	2016	2017	2018	20__
2. Expenses							
a. Salaries, Wages, and Professional Fees, (including fringe benefits)	9,928	10,400	10,450	10,711	11,547	12,670	
b. Contractual Services	1,986	2,234	2,341	2,405	2,813	4,095	
c. Interest on Current Debt	189	138	170	157	143	128	
d. Interest on Project Debt					120	720	
e. Current Depreciation	537	550	563	578	592	607	
f. Project Depreciation					136	816	
g. Current Amortization							
h. Project Amortization							
i. Supplies	2,121	2,297	2,376	2,437	2,732	3,441	
j. Other Expenses (Specify)	2,341	2,425	2,486	2,548	2,814	2,967	
k. Total Operating Expenses	17,102	18,044	18,386	18,836	20,897	25,444	
3. Income							
a. Income from Operation	17,964	18,235	18,683	19,189	20,980	25,713	
b. Non-Operating Income	136	82	142	146	150	155	
c. Subtotal	18,100	18,317	18,825	19,335	21,130	25,868	
d. Income Taxes							
e. Net Income (Loss)	998	273	439	499	233	424	

2j. Utilities, insurance, real estate tax, marketing, continuing education.

Table 3 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization			
CY or FY (Circle) FY	2013	2014	2015	2016	2017	2018	20___
4. Patient Mix: A. Percent of Total Revenue							
1) Medicare	35.3	39.0	39.9	39.7	43.5	54.4	
2) Medicaid	34.1	32.6	32.8	32.6	29.6	22.3	
3) Commercial Insurance							
4) Self-Pay	30.6	28.4	27.3	27.7	26.9	23.3	
5) Other (Specify)							
6) TOTAL	100%	100%	100%	100%	100%	100%	100%
B. Percent of Patient Days\Visits\Procedures (as applicable)							
1) Medicare	22.7	25.5	26.2	26.2	29.7	40.1	
2) Medicaid	48.5	48.4	49.0	48.9	45.8	37.4	
3) Commercial Insurance							
4) Self-Pay	28.8	26.1	24.8	24.9	24.5	22.5	
5) Other							
6) TOTAL	100%	100%	100%	100%	100%	100%	100%

(INSTRUCTION: ALL EXISTING FACILITY APPLICANTS MUST SUBMIT AUDITED FINANCIAL STATEMENTS)

ASSUMPTIONS USED IN PROJECTING REVENUES AND EXPENSES

Rate increases – Private Pay	3.5% annually
Rate increases – Medicare	2.0% annually
Rate increases – Medicaid	2.0% annually
Rate increases – Other Income	3.0% annually
Wage adjustments	2.5% annually
Benefits as a % of Wages	10.5%
Payroll taxes as a % of Wages	8.0%
Non-wage expense increases	2.5% annually
Useful life for Depreciation – Building	40 years
Useful life for Depreciation – Equipment	10 years

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20___	20___	20___	20___
1. Revenues				
a. Inpatient Services				
b. Outpatient Services				
c. Gross Patient Service Revenue				
d. Allowance for Bad Debt				
e. Contractual Allowance				
f. Charity Care				
g. Net Patient Care Service Revenues				
i. Total Net Operating Revenues				
2. Expenses				
a. Salaries, Wages and Professional Fees (including fringe benefits)				
b. Contracted Services				
c. Interest on Current Debt				
d. Interest on Project Debt				
e. Current Depreciation				
f. Project Depreciation				
g. Current Amortization				
h. Project Amortization				
i. Supplies				
j. Other Expenses (Specify)				
k. Total Operating Expenses				

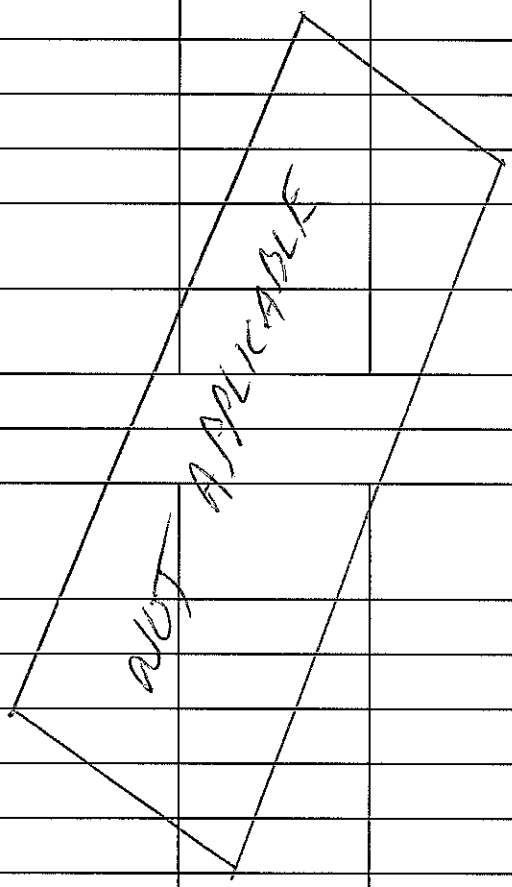

Table 4 cont.	Projected Years (Ending with first full year at full utilization)			
CY or FY (Circle)	20___	20___	20___	20___
3. Income				
a. Income from Operation				
b. Non-Operating Income				
c. Income				
d. Income Taxes				
e. Net Income (Loss)				
4. Patient Mix: **A. Percent of Total Revenue**				
1) Medicare				
2) Medicaid				
3) Commercial Insurance				
4) Self-Pay				
5) Other (Specify)				
6) TOTAL	100%	100%	100%	100%
B. Percent of Patient Days\Visits\Procedures (as applicable)				
1) Medicare				
2) Medicaid				
3) Commercial Insurance				
4) Self-Pay				
5) Other (Specify)				
6) TOTAL	100%	100%	100%	100%

NOT APPLICABLE

TABLE 5. **REVENUES AND EXPENSES - (for first full year at full utilization)**

(INSTRUCTION: Group revenues and expenses by service category)

	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
CY or FY (Circle) FY 2018							
1. Revenues:							
a. Inpatient Services	34,038						
b. Outpatient Services							
c. Gross Patient Service Revenue	34,038						
d. Allowance for Bad Debt	566						
e. Contractual Allow.	8,299						
f. Charity Care	25						
g. Net Patient Care Services Revenue	25,148						
h. Other Operating Revenue (Specify)	565						
i. Total Operating Revenues	25,713						
2. Expenses							
a. Salaries, Wages, and Professional Fees (including fringe benefits)	12,670						
b. Contractual Services	4,095						
c. Interest on Current Debt	128						
d. Interest on Project Debt	720						
e. Current Depreciation	607						
f. Project Depreciation	816						
g. Current Amortization							
h. Project Amortization							

Table 5 Cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
i. Supplies	3,441						
j. Other Expenses (Specify)	2,967						
k. TOTAL Operating Expenses	25,444						
3. Income							
a. Income from Operation	25,713						
b. Non-Operating Income	155						
c. Subtotal	25,868						
d. Income Taxes							
e. Net Income (Loss)	424						
4. Patient Mix A. Percent of Gross							
1. Medicare	54.4						
2. Medicaid	22.3						
3. Commercial Insurance							
4. Self Pay	23.3						
5. Other (Specify)							
6 TOTAL	100%	100%	100%	100%	100%	100%	100%

1h. Beautician fees, rentals, special services (hand feeding, incontinence care).

2j. Utilities, insurance, real estate tax, marketing, continuing education.

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
B. Percent of Patient Days by Payor Source							
1. Medicare	40.1						
2. Medicaid	37.4						
3. Commercial Insur.							
4. Self-Pay	22.5						
5. Other (Specify)							
6. TOTAL	100%	100%	100%	100%	100%	100%	100%

C. Medicaid Analysis		
	Patient Days	Daily Rates
a. Light	3,843	239.15
b. Moderate	10,327	239.15
c. Heavy	9,487	239.15
d. Heavy Special	360	239.15
e. TOTAL	24,017	239.15

TABLE 6. MANPOWER INFORMATION

(INSTRUCTION: List by service the staffing changes (specifying additions and/or deletions and distinguishing between employee and contractual services) required by this project.)

Position Title	Current No. FTEs	Change in FTEs (+/-)	Average Salary	Employee/ Contractual	TOTAL COST
Administration	17.4				
Direct Care	109.6	Nursing +16.8	46,000		772,800
Support	57.1	Dietary +2.1 Housekeeping +2.0 Plant Op +2.0	34,000 29,000 47,000		71,400 58,000 94,000
				Benefits	104,600
				TOTAL	1,100,800

(INSTRUCTION: Indicate method of calculating benefits percentage):
_Historical benefits calculated as 10.5% of wages _____

_____

TABLE 7. NURSING STAFFING PATTERN

(INSTRUCTION: On the chart below, delineate the proposed nursing staffing pattern for patient care units or services. If your staffing pattern varies among units or services, complete a separate chart for each unit)

Scheduled Staff for Typical Work Week

	WEEKDAY			WEEKEND/HOLIDAY		
	D	E	N	D	E	N
Staff Category						
R.N.	1	1	1	1	1	1
L.P.N.	3	3	2	3	3	2
AIDES	7	7	4	7	7	4
MEDICINE AIDE	2	1	0	2	1	0
OTHER (Specify)						
Restorative Aide	1					
Clinical RN	1			1	1	1

Key: D - Day Shift
E - Evening Shift
N - Night Shift

If staff will not differ between "weekday" and "weekend/holiday", please indicate _____.